**US$ 500,000,000 5% Loan Participation Notes due 2023 issued by MTS International Funding Limited (the "Eurobonds") – Instruction to bondholders with respect to Direct Payment Option**

This instruction sets out the procedure that the bondholders is required to comply with to benefit from the Direct Payment Option, as defined in the consent solicitation memorandum with respect to the Eurobonds dated 21 November 2022 (the "**CSM**"). This instruction is a summary of the respective provisions of the CSM with the additional clarifications from the Company, where appropriate. To the extent there is any contradiction between this instruction and the CSM, the terms of the CSM shall prevail.

Unless otherwise defined herein, any capitalised term used in this instruction shall have the meaning given to it in the CSM.

1. **General**

1.1 Pursuant to the Direct Payment Option, the Company may, in its absolute discretion, use any Direct Payment Option (or a combination of Direct Payment Options) to make any payment of principal, interest and other amounts under the Loan and the Notes. Such payment is in any case subject to the Company having all necessary authorisations and subject further to all applicable laws. Any non-payment for reasons beyond the Company's or the Issuer's control shall not constitute or be treated as a Relevant Event, Event of Default or Default.

1.2 The Direct Payment Option envisages the following two methods of payment:

(a) in respect of a payment to any Noteholder who, as of the relevant record date for such payment, holds its Notes through NSD or Other Russian Custodian, by way of making that payment to NSD/Other Russian Custodian in Roubles at the CBR FX rate as of the date of the payment (an "**NSD Direct Payment**"); and

(b) in respect of a payment to any Noteholder who, as of the relevant record date for such payment, holds its Notes through a foreign nominee holder and has elected to benefit from the Direct Payment Option, by way of crediting the amount of such payment in Roubles at the CBR FX rate as of the date of the payment to (A) an account opened in the name of that Noteholder with a Russian or foreign financial institution (a "**Personal Rouble Account**"); or (B) any other account opened for the benefit of all or some of the Noteholders (the "**Another Rouble Account**") (a "**Non-NSD Direct Payment**").

1.3 We set out below the steps that each Noteholder should follow, and the documents (the "**Payment CPs**") that each Noteholder should deliver to the Company, in order to benefit from the Direct Payment Option. The Company has the right to waive any Payment CP with respect to any payment to any Noteholder.

1.4 To the extent any payment is not made under the Direct Payment Option for any reason, such payment shall be made in accordance with the terms of the original Notes documentation (as amended by the CSM) and subject to the Company having all necessary authorisations and subject further to all applicable laws. Any non-payment for reasons beyond the Company's or the Issuer's control shall not constitute or be treated as a Relevant Event, Event of Default or Default.

**2. NSD Direct Payment**

2.1. If the Company choses, in its discretion, to make an NSD Direct Payment, the Company is entitled to do so by making such payment as and when required under the original Notes documentation, subject to the extended grace periods as per the CSM. Such an NSD Direct Payment is subject to the Company establishing to its satisfaction the identity of the eligible Noteholders who hold their Notes as of the relevant record date and the size of such Notes.

2.2. Bondholders are not required to provide any specific documents to the Company for the purposes of the Company making an NSD Direct Payment, unless requested by the Company.

**3. Non-NSD Direct Payment**

3.1 In order for a Noteholder to opt for a Non-NSD Direct Payment, such Noteholder shall provide to the Company an application for a relevant Non-NSD Direct Payment. Such application should be provided:

(a) to the extent such payment relates to the November 2022 Interest Payment, no later than fifteen (15) calendar days from the date when the Extraordinary Resolution is passed; and

(b) otherwise, no later than fifteen (15) calendar days from the relevant record date for payment.

3.2. In addition to the application referred to item 3.1 above, a relevant Noteholder should provide to the Company, by the last day of the above-mentioned period:

(a) the Proof of Holding[[1]](#footnote-1) evidencing that such Noteholder is the holder of the Notes as of the relevant record date;

(b) the details of the relevant Personal Rouble Account; and

(c) the identification documents set out in Annex to this instruction; and

(d) any other documents that the Company may request by notice to that Noteholder to be provided.

3.3. If a Noteholder has provided all required documents to the Company in time (and otherwise to its satisfaction) and the Company is satisfied that the Noteholder is a Russian resident or a resident of a jurisdiction which is not an "friendly jurisdiction", the Company may make a Non-NSD Direct Payment by transferring the amount of such payment to the Personal Rouble Account:

(a) to the extent such payment relates to the November 2022 Interest Payment, no later than 75 calendar days; and

(B) otherwise, no later than 60 calendar days,

after the relevant record date.

3.4 If a Noteholder has provided all required documents to the Company in time (and otherwise to its satisfaction), but the Company believes that the Noteholder is a resident of an "unfriendly jurisdiction", the Company may make a Non-NSD Direct Payment by transferring, within the time period specified in item 3.3 above the amount of such payment to the Another Rouble Account (such as a type "D" account) opened by the Company.

**ANNEX**

1. Each legal entity which is non-Russian Noteholder receiving a Non-NSD Direct Payment shall provide to the Company, prior to the relevant record date for payment, an Appropriate Tax Residency Certificate;
2. Each individual which is non-Russian Noteholder shall provide to the Company, prior to the relevant record date for a Non-NSD Direct Payment:
	1. the passport or the Appropriate Tax Residency Certificate;
	2. in the calendar year when the Notes are redeemed, the documents confirming the acquisition of, and payment for, the Notes, including, but not limited to:

- instruments documenting the acquisition of the Notes by the Noteholder (e.g., the sale and purchase agreement);

- brokerage reports (if any);

- documents evidencing the transfer of title for the Notes to the Noteholder; and

- documents confirming expenses incurred by the Noteholder in connection with acquisition of the Notes; and

* 1. the documents confirming expenses incurred by the Noteholder in connection with safekeeping of the Notes (if any);
1. each individual which is Russian Noteholder receiving payments shall provide to the Company, prior to the relevant record date for a Non-NSD Direct Payment:
	1. pages from the international passport bearing the relevant Noteholder’s photo and stamps attached upon crossing of the Russian Federation borders within the last 12 months prior to the relevant record date accompanied by a handwritten comment on how many days within the relevant 12-month period the Noteholder has spent outside of the Russian Federation, certified by affixing the hand signature of the Noteholder or its representative without notarisation;
	2. in the calendar year when the Notes are redeemed, the documents confirming the acquisition of, and payment for, the Notes, including, but not limited to:

- instruments documenting the acquisition of the Notes by the Noteholder (e.g., the sale and purchase agreement);

- brokerage reports (if any);

- documents evidencing the transfer of title for the Notes to the Noteholder; and

- documents confirming expenses incurred by the Noteholder in connection with acquisition of the Notes; and

* 1. the documents confirming expenses incurred by the Noteholder in connection with safekeeping of the Notes (if any),

such documents being provided in the Agreed Form, unless otherwise set out above. To the extent any of the documents set out in limbs 2(b), 2(c), 3(b) or 3(c) above do not bear a signature, such documents shall be certified as true copies by an authorised representative of the entity which issued such documents or accompanied by a cover letter signed by an authorised representative of the entity which issued such documents, and the signature(s) of respective authorised representative(s) should be apostilled or otherwise duly legalised.

1. Identification documents, in each case in Agreed Form and to the satisfaction of the Company and/or the banks processing the respective payments, which includes, but is not limited to, passport (for Noteholders being individuals) and a certificate of incorporation, memorandum and articles of association, register of shareholders and directors, full shareholding structure up to the beneficial owners, copies of the identification documents of the beneficial owners and an extract from the commercial register or an equivalent thereof (for Noteholders being legal entities).
1. A Proof of Holding is (i) a Statement of Account for the Purpose of Proof of Holding (a STAC) (as defined below) or screenshot from Euroclear, Clearstream, Luxembourg or DTC, or a statement of account or holdings report from a Direct Participant, or (ii) an extract or statement from any depositary or any other document or information which, in the opinion of the Company, will sufficiently evidence the proof of holding with respect to the Notes, in each case confirming (a) the Euroclear, Clearstream, Luxembourg or DTC Direct Participant name and account number, (b) the full name or legal entity name of the Noteholder, (c) the security and/or ISIN held, and (d) the aggregate amount of the Notes held, or (iii) with respect to the Notes held through NSD or the Other Russian Custodians only, a statement of account or holdings reports from such other intermediary (including brokers, depositories, custodians and sub-custodians) being the immediate custodian of the account where the Notes are being held by the Noteholder submitting the Voting Instruction, in the form and substance reasonably satisfactory to the Company and subject to the Company’s right to waive the delivery of any of the documents or the satisfaction of any of the requirements specified above. [↑](#footnote-ref-1)